

**CITY ASSESSOR'S OFFICE**

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Tony Benavides, Mayor  
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Quirk in adding last two tax bills

Historically, all of the county millage has been levied on the December tax bill, and none of it on the July tax bill. Recently, the legislature passed a law that allows each county to move their operating millage from December to July. This will NOT be a sudden change. Only one-third will move each year. For example, Ingham County, instead of levying all 6.3512 mills this December, will levy 2.1171 mills this July, and 4.2341 mills this December. Next year, it will be two-thirds in July, and one-third in December. The year after that, all of the county operating mills will be levied in July.

None of the other entities that levy in December will be affected. This means that the Airport, the Library, CATA and any county debt millage will still show up on the December tax bill. Also, the Holt and Grand Ledge school districts will still levy all of their mills in December. Okemos and Waverly will still levy their mills half in July and half in December. Lansing and East Lansing schools already levy all their mills in July.

The standard practice of most banks, mortgage companies and title companies, is to take the last two property tax bills and add them together to obtain an annualized total of property taxes. When a property is purchased, this amount is then divided by 365 and multiplied by the number of days that the buyer or seller owns the property for that calendar year. This is also the basic formula for deciding whether you have enough money in your escrow account to cover upcoming taxes and insurance. This formula is misleading if you take last December's 6.3512 mills and add this July's 2.1171 mills to equal 8.4683 mills. The total annual Ingham County operating mills should not exceed 6.3512 mills. If the above formula is used to annualize the taxes, the answer will overstate the proper amount of the annual property taxes. In order to correct this mistake, a deduction should be made, equal to the multiplication of the 2.1171 overstated mills by the taxable value.

This will correct itself in December, but there needs to be great caution exercised between now and then, so as not to unfairly overstate your monthly escrow payment. The bottom line is that, if no other changes have occurred, for a \$100,000 homestead in Lansing, with a taxable value of \$50,000, the July 1, 2005 property taxes will increase by about \$106.00 and correspondingly, the December 1, 2005 property taxes will decrease by the same \$106.00.

For the last few years, your July bill was about 73% of the total annual property taxes. Your July bill will now be about 78% of the total annual property taxes. Next year, July will be about 83% and the following year, they will be about 87% of the total year.

If all other things are relatively stable, and your escrow amount on your monthly mortgage payment suddenly goes up, you may want to share this memo with your escrow servicing agent.

Dave Tijerina  
City Assessor